



Testimony before the Senate Committee on Government Operations

Presented on behalf of
The Michigan Primary Care Association

By
Douglas M. Paterson MPA, Director of State Policy

Good afternoon Chairman Richardville and members of the committee. My name is Doug Paterson and I am here today representing the 35 Federally Qualified Health Center organizations making up the Michigan Primary Care Association. Collectively, our member organizations operate more than 220 community health center sites throughout Michigan serving over 600,000 Michigan residents. Every one of our centers is located in an officially recognized medically underserved area or serves a designated medically underserved population. We are an important part of the "safety net" that is working to assure our State's residents, especially those without insurance, those with Medicaid and those in Medically Underserved Areas of our state have access to medical, dental and behavioral health services. We have expertise in serving the uninsured and underinsured of our state and we feel confident in speaking on their behalf.

I am here today to convey support by our membership for the Senate Substitute for HB 4714. This bill takes advantage of federal funding available to extend Medicaid coverage to our state's residents with incomes below 133% of poverty - an estimated 450,000 people in Michigan.

We are very much in support of many of the principles that have been included in this bill including:

1. Extending insurance coverage to many working adults who work in low wage jobs and whose employers do not provide health insurance (in fact only 36% of employers in Michigan with less than 50 employees offer health benefits)
2. Using private sector insurance products that provide incentives for both consumers and health care providers to limit unnecessary services and costs and improve health outcomes.
3. Expecting persons covered by Medicaid to participate in the cost of their care
4. Taking advantage of federal revenues that are available to Michigan that will
 - o Add \$2 billion annually to the state budget
 - o Add \$53 billion to the Michigan economy over the next 15 years
 - o Add as many as 18,000 Michigan jobs
5. Helping hospitals, especially those in rural and underserved areas to avoid cutbacks and closures due to uncompensated costs

6. Decreasing health insurance premiums that currently subsidize the uninsured through cost shifting
7. Offering reasonably priced insurance to persons who otherwise cannot afford it
8. Improving the health of our State's population that now ranks 37th nationally¹

Federally Qualified Health Centers currently see over 264,000 Medicaid beneficiaries in our State and another 150,000 who could become eligible but are currently uninsured. Many of these residents have significant chronic health conditions including diabetes, HIV, cancer, hemophilia, heart disease, asthma, and Chronic Obstructive Pulmonary Disease. These conditions are CHRONIC, meaning they are conditions people will live with for the rest of their lives. When these conditions are managed, people can continue to be "able bodied" and working. When these conditions are unmanaged, people are likely to become disabled and unable to work.

Some argue that extending Medicaid to low income residents is welfare. We argue that making health care affordable for working families is NOT WELFARE. Almost 80% of the people who would be covered by extending coverage under ACA funding are working. Not a penny of Medicaid money is paid to any person on Medicaid. Medicaid pays health care providers to keep beneficiaries healthy. What's more, the majority of people who are uninsured are employed. They are simply making rational decisions related to affordability of health insurance. A single person making \$15,000 a year (133% of poverty) is not going to spend \$5,000 on a health insurance policy. That is rational. A family of four making \$31,000 a year is not going to spend \$13,000 on health insurance. These are rational and understandable decisions. According to recent polls, the majority of residents in our state support government assistance to people who cannot afford health insurance. This allows them to stay healthy and able to work. This legislature has the chance now, using very little if any state funding for the next 21 years if you follow the Governor's prescription, to break this cycle once and for all and provide stable coverage for years to come for many of your constituents and, to create a healthier Michigan.

Another concern raised is the possibility that using federal funding to expand Medicaid as proposed might be cut in the future. At no time in the history of Medicaid (passed in 1967) has the program been cut. Even during sequestration, Medicaid was exempted. Medicaid continues to remain a shared state-federal partnership. The federal government under the ACA has agreed to pick up more, not less, of Medicaid's costs in the future. It is reasonable for the state to share some of the future cost at a 90/10 ratio. To leave 90 cents on the table because our State is not willing to put up ten cents does not make business sense. Those who argue that government should function more like a business could not possibly convince a reasonable person that this is not a good business deal.

We do have concern regarding deductible and co-payments that are proposed. While we do support the principle that people should participate in the funding of their care, deductibles and co-payments have to be carefully structured as to not become a barrier to care. We would hope that the current bill would allow the Department to structure these mechanisms to assure that people can receive preventive care without deductibles and co-payments and that people with serious chronic conditions do not have to choose between their health and other life necessities to stay able bodied and productive citizens.

¹ United Health Foundation

Finally, a word on Medicaid and the perception that it is a broken program. You have heard testimony from the Michigan Department of Community Health and its major partners in the Michigan Association of Health Plans that Medicaid in Michigan operates efficiently and is well managed. Most troubling of much of the debate around expanding Medicaid is the unsubstantiated perception that Medicaid is a bad or failed program. I think data shows otherwise.

1. Michigan has been a leader in purchasing health care services from the private sector and doing it in such a way as to hold costs down and focus on outcomes. Nearly 80% of Medicaid services are delivered through managed care that places risk upon providers to keep people healthy, promote health and limit disease and disability. The National Committee for Quality Assurance ranks 8 of Michigan's 13 accredited health plans among the top 30 nationwide and 10 in the top 40.
2. While health care costs have increased by double digits yearly over the past 14 years, the spending per Medicaid case has risen from only \$4,662 to \$6,328 (an increase of just 35.7%) over that entire period. During this same time, health insurance premiums increased from \$5,791 for family coverage to \$13,375. That was a 130% increase.
3. As a share of the total state budget, Medicaid has decreased from 27.9% of the budget in FY07 to 21.2% of the budget in FY13 all while the Medicaid caseload expanded from 1.6 million people to nearly 1.9 million people.
4. Most impressive is that during the period FY02 to FY11, there was absolutely no increase in the General Fund support of Medicaid while it continues to cover nearly 2 in 10 of our states residents.
5. And the quality of care provided improves:
 - 78% of 3 year-olds on Medicaid have been tested for lead poisoning
 - 79% of children have received well child visits and immunizations
 - 90% of pregnant women received appropriate prenatal care,
 - 86% of Medicaid beneficiaries have been tested for diabetes, and
 - 86% of adults have received preventive care

These are all outstanding quality measures when compared to many other states and systems of care. Medicaid in Michigan works well. To say otherwise is not supported by evidence.

Again, we truly appreciate the fact that this legislature wants to reform Medicaid in Michigan and make it the best it can be. However, the Michigan Primary Care Association and most of our partners who are part of the coalition advocating for expanded coverage do not think limiting benefits and allocating no state money is part of a formula to make Medicaid better, only to reduce, or at best limit Michigan's investment in improving the health of our state's residents. We think investment in the health of our state is worthwhile and deserves your support.

We ask that this committee support this bill that assures that people currently without insurance in our state have the opportunity to obtain a health home and get the important preventive and palliative health care they need. Please join with your many partners in the health care industry of this state to make that happen.

Thank you